



2010-11

Out-of-Pocket Expenditures Report

November 2012

California Managed Risk Medical Insurance Board

Benefits and Quality Monitoring Division



California Managed Risk Medical Insurance Board

Healthy Families Program

MRMIB provides and promotes access to affordable coverage for comprehensive, high quality, cost effective health care services to improve the health of Californians.

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TABLE OF CONTENTS

Introduction.....	1
Major Findings.....	2
Data Collection and Analysis.....	2
Program Changes.....	3
Results of Analysis.....	4
Demographic Comparison.....	7
Appendix A, Map of California Regions	10

INTRODUCTION

Federal law¹ limits member cost sharing including monthly premiums and copayments to no more than five percent, 5%, of annual household income for children enrolled in the Children's Health Insurance Program (CHIP). For the Healthy Families Program (HFP), California's CHIP, has assured compliance with these requirements by limiting the total amount of copayments incurred per family for health services to no more than \$250 per benefit year². Regardless of family size, the maximum copayment amount for health services is \$250 per family.

The design of the HFP benefits package requires subscribers to pay a \$5 to \$15 copayment for certain health, dental and vision benefits at the time services are provided. There are no copayments for preventive health and dental services, immunizations, medical transportation, inpatient care, sealants, and preventive and restorative dental procedures. Services that require copayments include: physician office visits, emergency room visits not ending in hospital admittance, acupuncture, chiropractic and biofeedback services, prescription drugs, outpatient mental health and substance abuse services, eye examinations, prescription glasses, and root canals, crowns and bridges.

HFP families must keep records of their copayments for each benefit year and notify their health plans when they have reached the copayment maximum. Once families demonstrate to their health plans that they have paid the \$250 maximum copay amount no further copayments are necessary for health services in the benefit year. Health plans are required to reimburse families that demonstrate they have paid more than \$250 in health services copayments.

This report provides information on the families enrolled in the HFP who reached the \$250 maximum copayment amount from October 1, 2010 through September 30, 2011 (Benefit Year 2010-11).

¹ Title XXI of the Social Security Act Section 2103(e)(3)

² California Insurance Code Section 12693.615(a)

HFP 2010-11 Out-of-Pocket Expenditures Report

MAJOR FINDINGS

The number of families reaching the \$250 health copayment maximum almost doubled from benefit year 2009-10 to 2010-11. In benefit year 2010-11, 3,155 families reached the \$250 health copayment maximum compared to 1,639 families in benefit year 2009-10. However, the 3,155 families reaching the health copayment maximum account for less than one percent, 0.51%, of the overall number of families enrolled in the HFP. Of the 3,155 families, 2,993 families exceeded the \$250 health copayment maximum. One family incurred out-of-pocket expenditures exceeding 5 percent of their annual income. On average, families reaching the \$250 health copayment maximum spent 1.7 percent of their annual income on total cost sharing, premiums plus health and dental copayments.

It is important to point out that the 2010-11 benefit year is the first full year reflecting the impact of copayment and premium increases that went into effect in November 2009. The 2009-10 benefit year copayment data did not reflect the full impact of these cost increases because the data collected from July 2009 to September 2010 included lower premiums and copayments. As a result, this is the first report that evaluates the total impact of these changes to HFP families.

DATA COLLECTION AND ANALYSIS

Each health plan reports annually on the number of HFP families that incurred at least \$250 in copayments in each benefit year. MRMIB also requires dental plans to report the amount of copayments incurred for dental services by those HFP members that incurred \$250 in health services copayments. Copayments and premiums paid by families that reach the \$250 health copayment maximum are added together to determine each family's total out-of-pocket expenditures. Total expenditures are then compared to household income to determine if the total out-of-pocket expenditures exceed five percent, 5%, of household income. MRMIB reviews this data annually to ensure compliance with Federal law.

Health plans reported using the following methods for collecting, reviewing, and reporting copayment data.

- Some plans reported tracking only paid copayments.
- Others track only incurred copayments. Incurred means a service was provided that required a copayment, but the member may not have actually paid the copayment.
- Some plans report copayment information for covered services only while other plans provide MRMIB with copayment information for both covered and non-covered services, such as cosmetic procedures.

HFP 2010-11 Out-of-Pocket Expenditures Report

- The most common methods used to verify copayment information include running reports against claims data, having members mail in receipts to initiate the tracking process, and tracking cards provided to the members.

PROGRAM CHANGE

In November 2009, copayments and premiums were increased for families in Income Categories B and C, those with incomes over 150 percent of Federal Poverty Level. In September and October 2009 MRMIB sent letters to the families explaining the copayment and premium increases. The letters encouraged families to review the HFP website which addressed the \$250 maximum and gave instructions to inform their health plans.

There were no program changes to premiums and copayments between benefit years 2009-10 and 2010-11.

HFP 2010-11 Out-of-Pocket Expenditures Report

RESULTS OF ANALYSIS

As of December 31, 2011, there were 618,425 families, representing 1,101,256 children, enrolled in HFP. The number of families and children is derived from enrollment data and may include families and children counted more than once. During benefit year 2010-11, 3,155 families reached the \$250 copayment maximum. Table 1 shows the number of families listed by health plan that reached the maximum copayment.

Table 1. Families Reaching \$250 Maximum Copayment by Health Plan

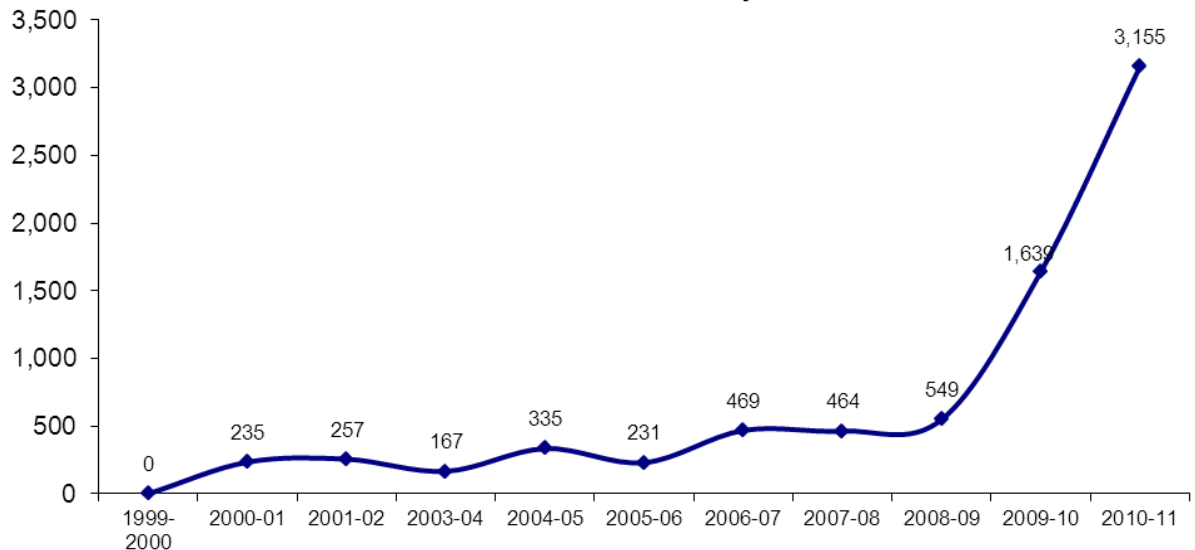
Health Plan	Total Families Who Reached \$250 Max Copay	Total Children in Families Who Reached \$250 Max Copay	Total HFP Families	Total HFP Children	Percentage of Health Plan's Families Who Reached the \$250 Max Copay
Health Plan of San Joaquin	509	1,231	16,759	31,598	3.04%
Ventura County Health Care Plan	216	504	7,540	13,839	2.86%
CenCal Health	146	357	6,071	11,043	2.40%
Kern Health Systems	172	452	7,178	14,063	2.40%
Central California Alliance for Health	337	846	15,159	28,017	2.22%
Alameda Alliance	107	225	8,086	13,579	1.32%
Health Plan of San Mateo	60	141	4,677	7,823	1.28%
Kaiser Foundation Health Plan	1,546	3,800	134,686	238,556	1.15%
Molina Healthcare	25	62	24,005	43,580	0.10%
Anthem Blue Cross EPO	11	20	49,911	91,617	0.02%
Anthem Blue Cross HMO	18	34	89,093	153,059	0.02%
CalOptima Kids	5	11	25,708	46,244	0.02%
Community Health Group	2	8	17,506	31,300	0.01%
LA Care Health Plan	1	2	8,869	14,489	0.01%
Blue Shield HMO	0	0	19,629	35,402	0.00%
Comm Health Plan	0	0	10,125	16,756	0.00%
Contra Costa Health Plan	0	0	3,619	6,463	0.00%
Health Net HMO	0	0	95,256	170,985	0.00%
Inland Empire Health Plan	0	0	40,452	75,496	0.00%
Partnership	0	0	1,046	1,788	0.00%
San Francisco	0	0	5,959	9,186	0.00%
Santa Clara	0	0	12,702	21,813	0.00%
Care1st	0	0	9,458	16,221	0.00%
Blue Shield EPO	0	0	3,776	6,731	0.00%
Health Net Life	0	0	210	337	0.00%
Unknown			945	1,271	0.00%
Totals for Families Who Reached \$250 Max Copay	3,155	7,693	307,861	547,194	1.02%
Total for HFP	3,155	7,693	618,425	1,101,256	0.51%

* Kaiser's integrated deliver model provides for comprehensive reporting of subscribers' copayments

HFP 2010-11 Out-of-Pocket Expenditures Report

There has been an upward trend over the last 11 years in the number of families that reached the \$250 health copayment maximum with a significant increase in benefit years 2009-10 and 2010-11, as shown in Figure 1. While the overall percentage of families that reached the HFP copayment maximum has increased over the last 11 years, the number of families reaching the HFP copayment maximum in benefit year 2010-11 is a small percentage, 0.51 percent, of the overall number of HFP families. With the exception of benefit years 2005-06, 2008-09, and 2010-11, the enrollment trend line mirrors Figure 1. Enrollment dropped by 1.13 percent from 2009-10 to 2010-11.

Figure 1. Total Number of Families Reaching the \$250 Copayment Maximum for Health Services by Year



In benefit year 2010-11, 3,155 families reached the \$250 health copayment maximum compared to 1,639 in benefit year 2009-10. Of the 3,155 families that reached the \$250 health copayment maximum, 2,993 families exceeded the health maximum copayment. And, 95 percent of those families that exceeded the health maximum copayment **did not** inform the health plans that they reached the maximum health copayment as reported by the health plans. The remaining 5 percent of the families notified their health plans and received reimbursements for health care services exceeding \$250.

MRMIB contracts require HFP health plans to notify all subscriber families of the annual copayment maximum and the process for informing the health plan when a subscriber family reaches the maximum at least twice a year. Plans must also disclose the process to be used by subscribers to document that the annual copayment maximum has been reached. In addition, plans must work with network providers to offer extended payment

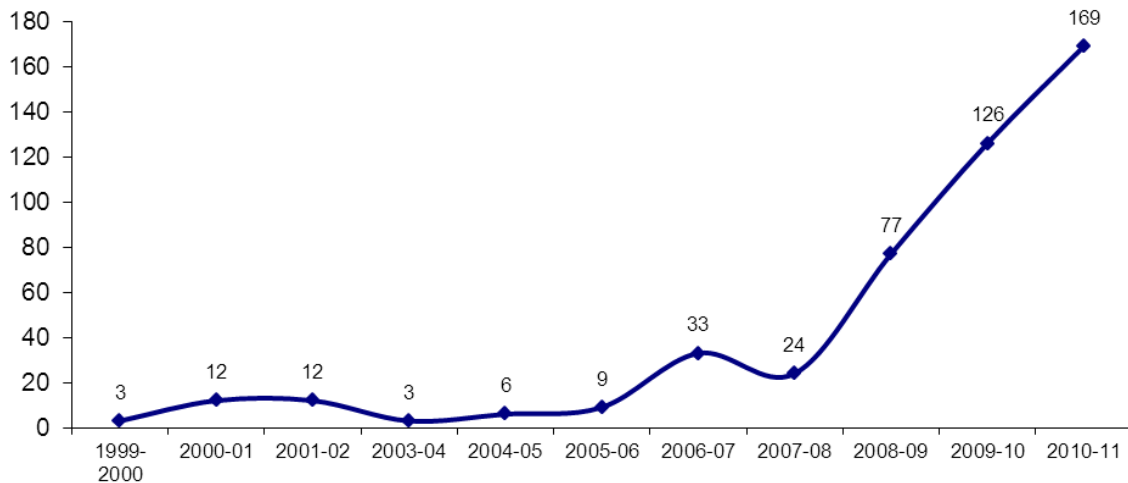
HFP 2010-11 Out-of-Pocket Expenditures Report

plans whenever a family's copayment exceeds \$25 in a month and to stop collecting copayments when the family reaches the \$250 maximum.

On average, families that reached the \$250 health copayment maximum spent 1.7 percent of their annual income on premiums plus health and dental copayments. Based on claims information submitted by HFP health plans, one family appears to have incurred 5.75 percent of their annual income on health care services for one (1) subscriber. However, the health plan could not verify the copays were actually paid. In this case, the family did not notify the plan and as a result, the process to prevent further copays from being charged was not triggered.

Figure 2 trends the last 11 years of families reaching the \$250 health copayment maximum who also incurred copayments for dental services. Of the number of families, 3,155 that reached the \$250 health copayment maximum, 169 families had dental copayments, a 32 percent increase from the prior benefit year. MRMIB would expect that with the increase in the number of families reaching the \$250 health copayment maximum, the number of families also incurring copayments for dental services would increase correspondingly.

Figure 2. Total Number of Families Reaching the \$250 Copayment Maximum and Had Copayments For Dental Services by Year



HFP 2010-11 Out-of-Pocket Expenditures Report

DEMOGRAPHIC COMPARISON

The following pages are comparisons of families reaching the \$250 health copayment maximum to the entire population by the spoken language in the home, ethnicity, region, and FPL income categories.

Figure 3 illustrates families that speak English in the home were the highest percentage of families who reached the \$250 health copayment maximum and they were a little more than half the HFP population, 53 percent. Similar results were observed in the prior two benefit years where families that speak English in the home were the highest percentage of families that reach maximum copayment and were more than half the HFP population.

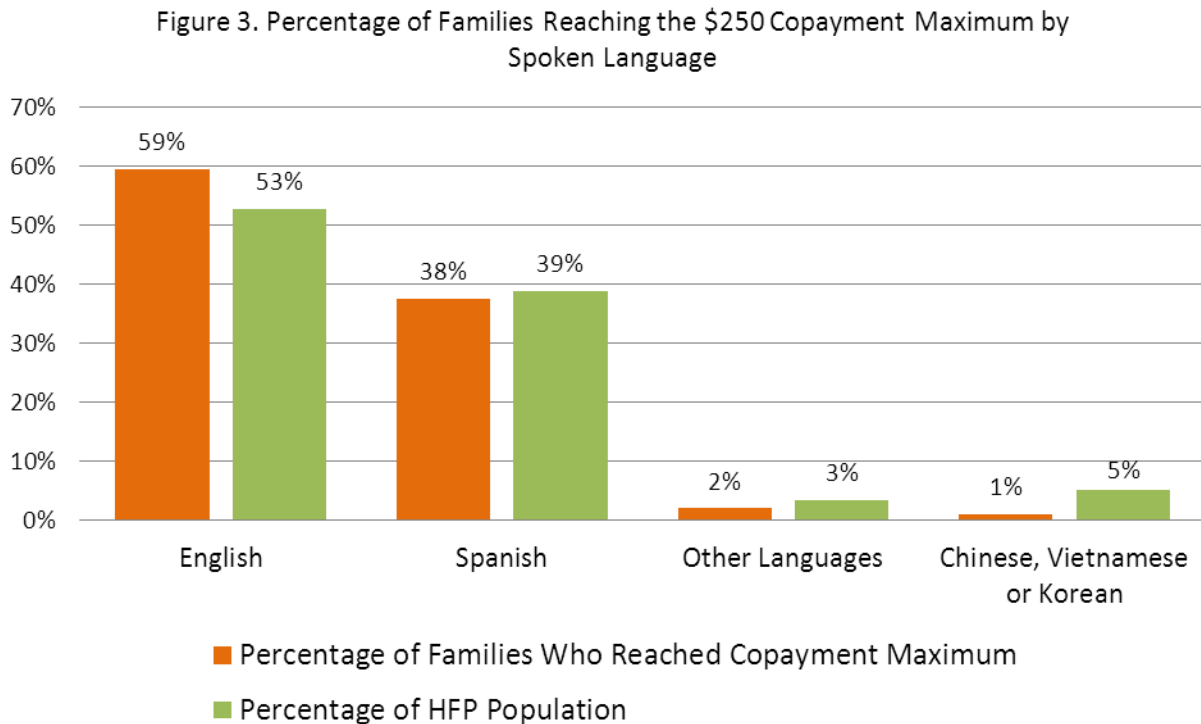
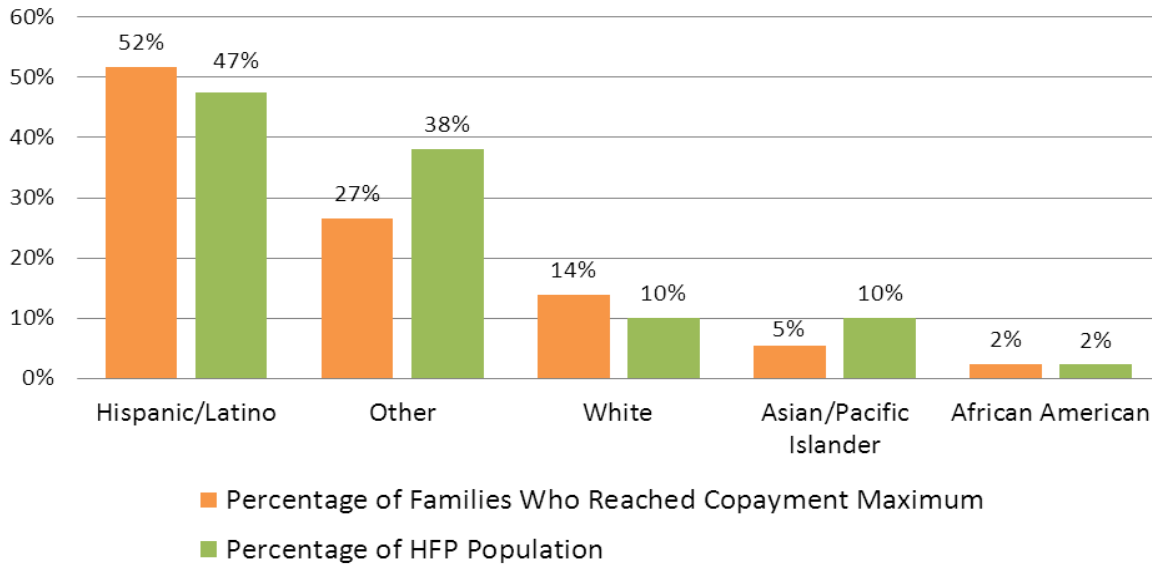


Figure 4 shows the majority of families, 52 percent, reaching the \$250 health copayment maximum are Hispanic/Latino and that they are less than half of the HFP population, 47 percent. This is consistent with the prior benefit year.

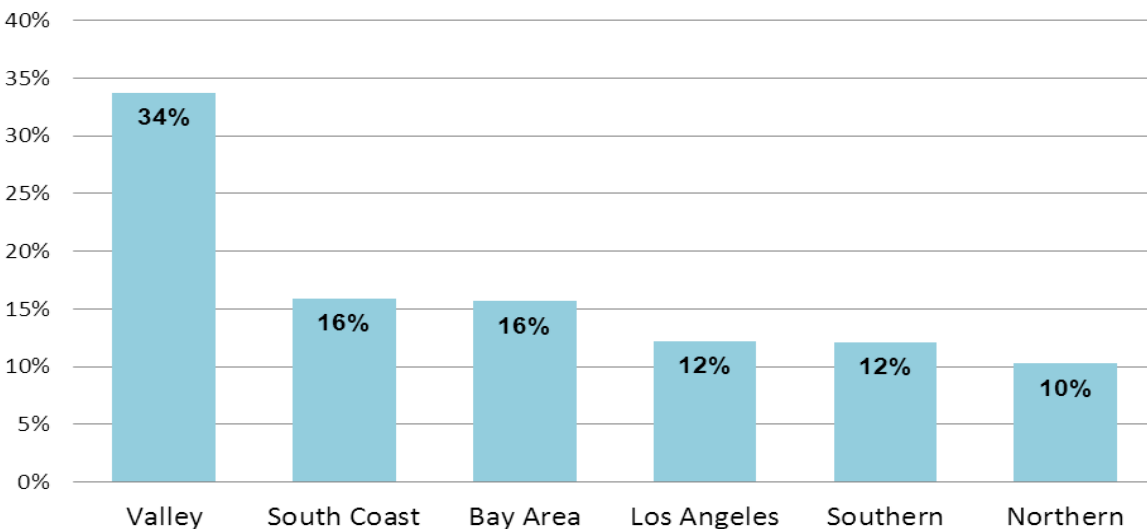
HFP 2010-11 Out-of-Pocket Expenditures Report

Figure 4. Percentage of Families Reaching the \$250 Copayment Maximum by Ethnicity



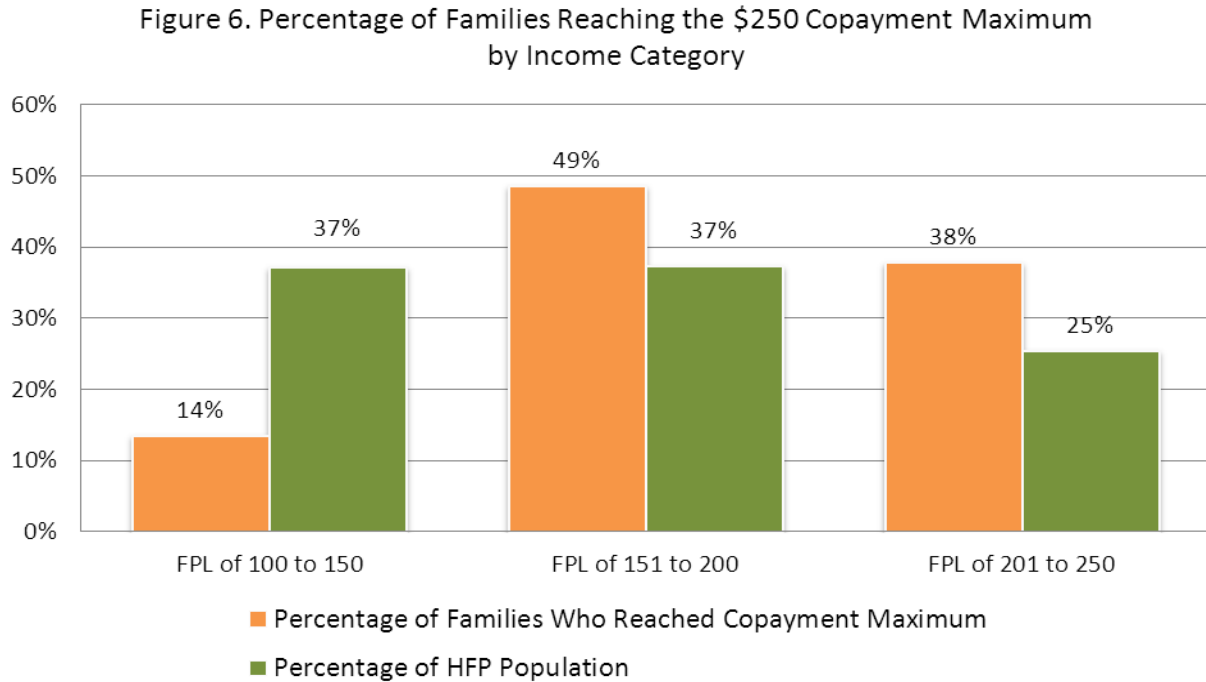
In comparing regions, the Valley region has the largest percentage, 34 percent, of families reaching the \$250 health copayment maximum as displayed in Figure 5. In prior benefit years, 2008-09 and 2009-10, the Valley region had the highest percentage of families reaching the maximum copayment. Appendix A, the last page of this report, contains the HFP enrollment by region as of December 31, 2011.

Figure 5. Percentage of Families Reaching the \$250 Copayment Maximum by Region



HFP 2010-11 Out-of-Pocket Expenditures Report

Figure 6 shows families with incomes in the FPL of 151% to 200% category reached the \$250 copayment maximum at a higher rate than those in the higher and lower income categories. This is consistent with the last four reporting years.



Further research is needed to understand what factors account for these findings.

Map of California Regions



Table 2. HFP Enrollment by Regions and Counties as of December 31, 2011

Region	Counties	Total Unique Enrollment per Region	Percentage of Total Enrollment
Northern	Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Inyo, Kings, Lake, Lassen, Mendocino, Modoc, Mono, Monterey, Nevada, Placer, Plumas, San Benito, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba	53,824	8.7%
Valley	Fresno, Imperial, Kern, Madera, Mariposa, Merced, Napa, Sacramento, San Joaquin, San Luis Obispo, Santa Cruz, Solano, Sonoma, Stanislaus	106,822	17.4%
Bay Area	Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara	68,137	11.1%
South Coast	Orange, Santa Barbara, Ventura	78,681	12.8%
Los Angeles	Los Angeles	162,462	26.4%
Southern	Riverside, San Bernardino, San Diego	145,641	23.7%

California's Six Regions